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December 18, 2007

AGENDA ITEM 4e

TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE

- I. SUBJECT:** Approval of Award of Contract, RFP No. 2007-4365
Board Health Consultant
- II. PROGRAM:** Health Benefits
- III. RECOMMENDATION:** Staff recommends that the Health Benefits Committee recommend that the Board of Administration award the Board Health Consultant Contract to Watson Wyatt Worldwide subject to staff's final approval of the contract.
- IV. ANALYSIS:**

Background

At the November 14, 2007, meeting of the Health Benefits Committee (HBC), the HBC directed CalPERS staff to begin negotiations with the designated finalist, Watson Wyatt Worldwide (Watson Wyatt). In the event that such negotiations were unsuccessful, staff was directed to begin negotiations with the next highest ranked semi-finalist, Aon Consulting. This recommendation was approved at the November 15, 2007, Board of Administration meeting.

Negotiations on all major issues have now been completed and the contract has been reviewed by both CalPERS and Watson Wyatt.

Next Steps

Under the terms of the Request for Proposal (RFP), notice of CalPERS intent to award to Watson Wyatt will be posted in CalPERS Contract Management Section at www.calpers.ca.gov for five (5) State business days before the award of contract is made.

V. STRATEGIC PLAN:

This item supports Goal X of the strategic plan which states, “Develop and administer quality, sustainable health benefits programs that are responsive to, and valued by, enrollees and employers.”

VI. RESULTS/COSTS:

The CalPERS costs associated with this item are included in the annual budget of the Health Benefits Branch, Division of Operations and Infrastructure Support.

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